

**Review of Notice of Death Process**  
**Report No. 98-14, May 11, 1998**

This report presents the results of the Office of Inspector General's review of the Railroad Retirement Board's (RRB) notice of death process.

**BACKGROUND**

Section 5 (c) of the Railroad Retirement Act, 45 U.S.C. Section 231d(c) requires that an individual's entitlement to an annuity shall end with the month preceding the month in which he dies. To prevent additional payments and to expedite the collection of overpayments, it is important that the RRB process death notices quickly.

There are several sources of information regarding an annuitant's death. The RRB's field offices receive most reports of death by telephone calls, mail or walk-in visits from family and friends. The Office of Programs receives reports of death by mail, returned payments from Treasury, and through electronic notices from the Social Security Administration (SSA). The Office of Programs also receives files containing death reports from SSA and Health Care Financing Administration (HCFA) computer matching processes.

The Office of Programs' staff enter the notice of death information directly to the Application Express (APPLE) system as they receive the reports. Processing death terminations by the APPLE system became operational on September 10, 1997. The APPLE transactions are batched and run daily through the Field Address Suspension Termination (FAST) system to terminate the annuity. The Automated Receivable, Reclamation and Credits (ARRC) system obtains the termination activity through the Daily Activity Input System processing. ARRC uses information from the Payment Rate and Entitlement History database to create a Program Accounts Receivable record and to initiate a reclamation request.

The Bureau of Fiscal Operations implemented the ARRC system in July 1995 to automatically establish receivables, and initiate reclamations and credits. The RRB's implementation of the ARRC and FAST systems have made the processing of notice of death basically automated.

To prevent overpayments, the Bureau of Fiscal Operations' Debt Recovery Division relies upon the Office of Programs to terminate the deceased annuitant's benefits. Because the termination data is needed to establish the receivable and initiate reclamation, backlogs and delays in the Office of Programs may affect the debt collection process.

The RRB's 1997-2002 Strategic Plan provides that the RRB ensure the integrity of benefit programs and provide efficient operations. Monitoring benefits to prevent overpayments and maintaining a normal working balance for major workloads are two goals established in the RRB Strategic Plan.

## **OBJECTIVE, SCOPE AND METHODOLOGY**

The objective of this review was to determine if backlogs of death notices exist in the Office of Programs. In addition, we reviewed the accuracy and timeliness of processing death notices. The scope of this review was limited to railroad retirement benefits and processing activities within the Office of Programs during the first quarter of fiscal year 1998. To accomplish the objectives, we:

- reviewed applicable laws and regulations;
- reviewed the RRB's policies and procedures;
- reviewed the Risk Assessment Reports for Retirement and Survivor Claims Processing;
- reviewed prior Office of Inspector General audit reports;
- interviewed the Office of Programs staff;
- reviewed SSA and HCFA death match reports; and
- reviewed a statistically valid sample of 80 cases from the universe of 10,281 notices of death transactions during the first quarter of fiscal year 1998. The sample review included a review of RRB on-line systems and the claim folders.

This review was performed in accordance with generally accepted government auditing standards appropriate for the objectives described above. We performed the audit at the RRB's headquarters office in Chicago, Illinois during January 1998 through April 1998.

## **RESULTS OF REVIEW**

This review determined that the Office of Programs generally processes death notices timely and accurately. In addition, the Office of Programs currently has no backlog of death notices.

### **Death Notices Are Processed Timely and Accurately**

Our review determined that the Office of Programs processed death notices timely and accurately. A goal of the APPLE system is to reduce and eliminate paper and folder movement as much as possible. Since the implementation of APPLE, it is no longer necessary to file the death notice in the claim folders. The RRB staff enters the notice of death transaction directly to the APPLE system as it is received from the informant. For our sample, the RRB received notice of the annuitant's death on an average of about 14 days from the date of death.

Except for cases processed during the dark period, the RRB automatically terminates the annuity and establishes the receivable within 2-3 days after the APPLE entry. The dark period is the time each month during which the RRB's data processing unit does not run the computer jobs that process death terminations and update computer records for terminations activity. Our sample review showed that cases processed during the dark period takes an average of 10 days to process. From the sample review of 80 cases, we also determined that:

- 62 cases were processed immediately, with no delays;
- 17 were processed during the dark period; and
- 1 was an erroneous report of death.

In addition, the OIG reviewed the 80 sample cases and additional cases from SSA and HCFA death match reports to determine the accuracy of the data. We determined that the termination effective date, the overpayments incurred, and the receivables were accurate.

### **No Backlog of Death Notices Exists**

Due to the level of automation in the process, there are relatively few cases for which the Office of Programs must take additional time to terminate the benefits. Most cases are terminated within the next work day after entry to the APPLE system. The automated support of the APPLE system does not allow death notices to accumulate into a backlog. This review did not identify a backlog or inconsistencies in the process.

Additionally, the Office of Programs has proposed, for the end of fiscal year 1998, an end-of-year working balance of 2,000 for the survivor development workload. This workload includes notices of death, cases transferred to SSA and other development work. At the end of January 1998, the balance for survivor development was 2,254. This balance is reasonable based on the receipts and production of over 3,000 cases for the month.

### **Action Official's Response**

The Office of Programs and the Office of Administration concur with the results of this review.